



HR POLICIES & PROCESSES MANUAL

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POLICY

All employees are governed by the Bank's Code of Conduct, which revolves around the Core Values of the company. It is designed to serve as guide to employees on how they should conduct themselves within and outside the Bank premises and in dealing with clients/customers and co-associates.

Adherence to this Code is the responsibility of each and every associate. It is administered uniformly throughout the Bank and is independent of the practices of other banks. It is a condition for continuous employment. Any breach of this Code may result in disciplinary action ranging from reprimand to termination of employment, depending on the gravity of the offense, after the observance of due process.

All employees are required to adhere to and uphold the tenets of the Code of Conduct and to report any violation thereof to a more senior officer, the Security Department, the Internal Audit Division or the Human Resources Group.

The Code of Conduct is divided into five parts as follows:

- A. Treatment of Clients
- B. Treatment of Bank Assets
- C. Treatment of Others
- D. Conflict of Interests
- E. Knowledge, Understanding & Compliance

GUIDELINES

A. Treatment of Clients

As a service-oriented organization, all employees are expected to provide consistent, excellent and reliable service to both internal and external clients. The Bank adopts and trains its associates to abide by the following Service Formula:



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Preparation + Interaction + Follow-through = Service Beyond Expectations

1. Preparation

Clients expect employees to know the products and services of the Bank. As such, employees should have the initiative to learn about the different products and functions within his/her unit so that he/she may be able to serve the Bank's clients and address their queries on the spot when approached.

2. Face-to-Face Client Interaction

Client Acknowledgment. Clients should be greeted promptly, by their preferred names or titles if possible. Their presence should be acknowledged with a nod or a smile or a quick friendly greeting. In case employees are unable to immediately attend to a client's needs, he/she should be quick to offer the client coffee, tea, or some reading materials. If an employee is busy with another client, it is important to acknowledge the presence of the client by pausing to nod or say "hi" to let the client know that his/her needs will be attended to as soon as possible. Smiling makes clients feel that they are on friendly ground hence, employees are encourage to smile all the time. Composure should always be maintained. Frustration, anger or irritation should not be shown as these might elicit negative reaction from our clients.

Clarification of the Situation. Asking, "How may I help you?" helps to identify and address what the clients' concerns are. To show empathy, employees should listen carefully to what the clients are saying. Referring clients to different contact persons must be avoided. Suggestions or recommendations must be offered to help meet the clients' needs.

Employees should anticipate clients' needs and provide more than what they might expect. Further assistance may be offered and additional information may be provided on how to use the Bank's product or service.

Powerful words such as "please" and "thank you" and "May I" instead of "Can



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I' help build client rapport and loyalty.

Employees should refrain from discourteous acts such as eating in work areas, talking on cellular phones, texting, gossiping and staying long on the telephone while attending to a client or while a client is waiting to be attended to. The Bank does not tolerate shameful, unprofessional, immoral, scandalous or vulgar conduct especially if done in the presence or within the field of vision and/or hearing of a client.

3. Client Interaction via Telephone

The following are the guidelines to be followed in attending to client calls:

- a. Answer the telephone within three rings.
- b. Use the following Telephone Script in answering calls:
 - **Answering a call**
“Good morning / afternoon, RCBC business center / department, how may I help you?”
 For executive Offices:
“Good morning / afternoon, Office of Mr. / Ms. _____ . How may I help you?”
 - **Transferring a call**
“I’ll transfer you to _____ . His local is _____ . Please hold.”
 If unavailable:
“His line is still busy, would you like to leave message with me?”
“May I put you on hold?”
 - **Answering a transferred call**
“Thank you for waiting, this is _____.” “How may I help



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| <p><i>you.”</i></p> <ul style="list-style-type: none"> • Connecting a transferred call <i>“This is a transfer call for / to _____.” (Name of caller is on the line.” Note: Avoid saying, “For a while.”</i> • Placing outgoing calls <i>“(Greeting of the day), may I speak with (Name of called person)”</i> Thank the person who will be transferring the call. Leave the message/s to the right person. <p>c. Associate’s name should be stated; associates should answer with a SMILE in their voices. People can hear a smile over the telephone. The tone of voice will communicate a positive attitude to the person on the other end of the line.</p> <p>d. When an associate leaves the workstation, he/she should have somebody take his/her calls. All calls should be returned before the day ends.</p> <p>e. Before a client is placed on hold, the associate should first ask permission and wait for an answer. If what the client need will take longer than one (1) minute, the associate should ask if he/she could call back. If there are several calls on hold, the associate should remember the priority of each call.</p> <p>f. The client should hang up first. Before hanging up the phone, the associate should ask the client if there is anything else he/she would like to discuss.</p> <p>g. Always thank the client for calling before hanging up. This lets the client know when the conversation is over.</p> <p>4. 2-Day Turnaround Time & Follow-through</p> <p>Associates should acknowledge receipt of and address internal and external client inquiries, requests, complaints or suggestions on the spot within two (2)</p> | | |



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days from the time these are made.

If a client's request cannot be resolved within the given time, he/she should be informed of the estimated resolution time and regularly provide status updates without need of being prompted and even before the arrival of the deadline.

If resolution of the client's request necessitates the participation of other units, associates should make it a point to inform said other units with information on the client and the request. The other units should be provided with information on client complaints and offer suggestions on improvements. For those colleagues who are able to deliver a good job, recognition and a note of appreciation are being encouraged.

5. Handling Difficult Clients

Encountering a difficult client represents an opportunity to improve service and provide feedback thereon to the rest of the unit for purposes of improving overall efficiency. Should such a situation arises, associates are expected to **TAKE THE H-E-A-T**, bearing in mind the following guidelines:

- a. **H**ear the client out. Client should not be interrupted when he/she is venting out his/her emotion.
- b. **E**mpathize. Show the client through words and deeds that his/her feelings are understood.
- c. **A**pologize. Admit fault if it is clear that that the organization is to blame. However, this should not be done profusely or go into the details on why the problem occurred lest the organization be misconstrued as being incompetent.
- d. **T**ake responsibility for one's action. If an employee can resolve a problem on his/her own, then this must be done by him/her. If the



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| <p style="text-align: center;">problem cannot be resolved immediately, necessary actions must be taken to show the client that something is being done.</p> <p>Moreover, encountering such a situation should be taken as an opportunity to shine in the eyes of a disgruntled client. If such a situation is successfully handled and the client's needs are satisfied, more likely the Bank will gain said client's loyalty and trust.</p> <p>6. Offenses & Penalties</p> <p>Each incident of unprofessional, discourteous or uncivil behavior constitutes a <i>minor offense</i> if directed towards an internal client, or a <i>serious offense</i> if directed towards an external client.</p> <p>Each incident of harmful, abusive or obscene behavior towards or within the vicinity of external clients constitutes a <i>grave offense</i>.</p> <p>B. Treatment of Bank Assets</p> <p>All employees are mandated to protect the Bank's assets and to use the same for authorized business purposes only. Guidelines for the Treatment of Bank Assets shall be divided into four (4) major categories: (1) <i>Proprietary Information</i>; (2) <i>Bank Funds & Property</i>; (3) <i>Bank Records</i>; and (4) <i>Goodwill & Reputation</i>.</p> <p>1. Treatment & Use of Proprietary Information</p> <p>a. <i>Proprietary Information</i> is any information or knowledge, the unauthorized disclosure of which could disadvantage the Bank competitively or financially or subject the Bank to legal sanctions. It includes <i>Confidential</i> and <i>Material Non-Public Information</i>.</p> <p>b. <i>Confidential Information</i> is any information of any kind and character relating to the business and operations of the Bank, including its plans,</p> | | |



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| <p>processes, practices, programs, corporate schemes and all other data relative to its clients/customers and their accounts, which may come to the knowledge of an associate by reason of his/her position or employment.</p> <p>c. <i>Material Non-Public Information</i>, on the other hand, is defined as information that could potentially affect the share prices of the Bank, which have not yet been disclosed by the Bank to the Philippine Stock Exchange (PSE). Examples of these are information on earning results of the Bank, acquisition or disposal of assets, board changes, related party transactions, shareholdings of directors and changes to ownership.</p> <p>d. The general rule is that proprietary information shall not be disclosed unless authorized by the Bank and the law.</p> <p>e. Among the external parties who are automatically authorized to receive <i>proprietary information</i> are those who are bound by duty to maintain the trust and confidence of the Bank such as, but not limited to, its auditors, legal counsels, investment bankers and financial advisers. Should there be a need to reveal <i>proprietary information</i> to parties other than those earlier cited, a confidentiality or non-disclosure agreement must first be executed by said external party before actual disclosure.</p> <p>f. Selective disclosure of <i>Material Non-Public Information</i> may be allowed under the following conditions:</p> <p>f.1 The Bank is ready to disclose the same to the PSE;</p> <p>f.2 A written request for disclosure is filed by external parties or the associate handling/safekeeping the information; and</p> <p>f.3 Said request is approved by the handling associate's immediate and next level supervising officers prior to actual disclosure of said information.</p> | | |



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| <p>g. As an added precaution, invitations to speak or to be interviewed in any conference, television or radio program with regard to any matter about the Bank, must first approved by the President or the Executive Committee.</p> <p>h. Every unauthorized disclosure of proprietary information which results in actual or potential loss or damage to the Bank or if willfully done is considered a <i>grave offense</i>, or a <i>minor offense</i> if done inadvertently.</p> <p>i. The <i>Law on Secrecy of Deposits</i> under R.A. 1405, which prohibits the disclosure of any information pertaining to Bank clients, must be strictly observed. Questions regarding the particulars of said law, including the situations wherein employees are mandated and/or allowed to disclose such information, may be addressed to the Legal Services Division.</p> <p>Violation of this law for whatever reason is considered a <i>grave offense</i>.</p> <p>2. Treatment & Use of Bank Funds & Property</p> <p>a. Bank funds and property include, but are not limited to, the following:</p> <ul style="list-style-type: none"> (a) company time; (b) cash, checks, drafts, charge cards and provisions for employment related allowances; (c) land, buildings and all improvements attached thereto; (d) vehicles including fuel and all other allowances for the maintenance thereof; (e) office equipment, including telephones, fax machines, scanners, printers, photocopying machines, paper shredders and projectors; (f) computer hardware, software, systems and accessories and the | | |



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| <p>records contained therein;</p> <ul style="list-style-type: none"> (g) network/internet resources; (h) NDD/IDD telephone, bulletin board and other communication facilities; (i) scrap and obsolete equipment; (j) office supplies; and (k) all other funds and property. <p>b. All employees are responsible for safeguarding and making proper and efficient use of Bank funds and property by following procedures to prevent their loss, theft, destruction or unauthorized use, such as but not limited to, the following policies on control or check-and-balance:</p> <ul style="list-style-type: none"> (a) Bank policies on securing the approval of the proper authorities before using company time, money or vehicles for official business; (b) Bank policies on securing approval before overriding or clearing credit and other banking transactions when the same is beyond one's approval limits; (c) Bank policies on dual custody and other security measures; (d) Bank policy against the sharing of user IDs/passwords; (e) Bank policies on disbursement of funds, cash advance, reimbursement of expenses, securing employee loans and other benefits, the proper use of travel allowances, computer and internet/ e-mail/telephone facilities, etc. (f) All Operational Control Policy Circulars, Administrative Policy Circulars, Credit memos, etc. | | |



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| <p><i>Offenses & Penalties.</i> Each incident of willful destruction, unauthorized taking or theft of Bank Funds & Property for any reason, as well as the unauthorized use thereof for illegal purposes, for personal gain, or for the purpose of maligning or harming the Bank, its employees or shareholders, including attempts thereto, shall constitute a <i>grave offense</i>.</p> <p>Each incident of unauthorized use of any item under pars. (a) to (e) for any reason shall constitute a <i>grave offense</i>.</p> <p>Each incident of unauthorized use of any item under pars. (f) to (k) for personal recreational purposes within the workplace constitutes a <i>minor offense</i>.</p> <p>The failure to properly and reasonably safeguard or ensure the proper, efficient, productive and authorized use, transfer, payment or disbursement of any of the above mentioned Bank funds and property through any of the above-mentioned means shall constitute a <i>minor offense</i> if due to <i>negligence and the act results in an actual or potential loss of below P50,000.00</i>; a <i>serious offense</i> if the negligence results in an actual or potential loss of <i>P50,000.00 to below P100,000.00</i>; and a <i>grave offense</i> if due to <i>willful disobedience, gross and/or habitual negligence</i>.</p> <p>Negligence is <i>gross</i> if the oversight/mistake results in an actual or potential loss of <i>P100,000.00</i>, or possible criminal prosecution and/or damaged reputation on the part of the Bank or any of its key officers or directors.</p> <p>Negligence is <i>habitual</i> if the oversight/mistake occurs repeatedly, regardless of whether or not the acts result in actual losses, and the neglect already exposed the Bank to reputational/operational risks and/or risk of monetary loss.”</p> | | |



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RIZAL COMMERCIAL BANKING CORPORATION
 Waiver of Non Compliance to Policies and Procedures

| | | |
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| Department/Unit/ Business Center: | RC No: | Date: |
| Nature of Transaction: | Affected Policies/Procedures: | |
| Action Taken: | Alternative Control Procedure/s: | |
| Prepared by: | Endorsed by: | Approved by: |



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3. Treatment & Use of Bank Records

- a. Employees are expected to produce accurate records and to safeguard and preserve the authenticity thereof because only through said records can transactions, payments or events be verified, validated, authenticated or proven. Note that every transaction inputted or entered in any of the Bank's systems form part of the records and are closely monitored and audited by the BSP and other government regulatory offices and that any failure to preserve its authenticity can expose the Bank to fines, penalties and risk of suit.
- b. Bank records include, but are not limited to, the following:
 - (a) Passbooks, withdrawal and deposit slips, the entries therein as well as the transaction media supporting the same;
 - (b) Ledgers and transaction reports;
 - (c) Systems generated reports;
 - (d) Expense reports and applications for reimbursement;
 - (e) Employment records;
 - (f) Applications for loan and other employee-related benefits, etc. including all documents supporting the same.



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| | <p>c. Associates who are issued user IDs/passwords or other forms of entry or pass keys for purposes of gaining access to data, records, computer systems and the like are the only persons authorized by the Bank to access and/or use the same.</p> <p>d. User IDs/passwords and/or magnetic cards are issued by the Bank because it deems it very important for security, accountability and audit purposes to monitor who exactly is accessing, entering transactions and/or using a particular Bank Asset at any given date and time.</p> <p>e. Sharing or lending user IDs/passwords or magnetic cards for any reason is considered a <i>serious offense</i> and punished accordingly, even if it be for purposes of filling-in for an absent colleague or even if it be upon the instructions of unit heads.</p> <p>f. It is likewise because of these reasons that user IDs/passwords and/or magnetic cards are being treated as the functional equivalent of the employee's signature. Every time a transaction is entered or processed using the employee's user ID/password, it will be conclusively presumed that he/she was the one who entered the same. Thus, the Bank shall hold the employee solely, or jointly liable with the actual user if identified, for any loss or damage suffered by the Bank by reason of the processed transaction.</p> <p>g. Should an associate's user ID/password or magnetic card be stolen from him/her or otherwise taken and used without his/her consent, only the person who stole the same shall be liable for any loss/damage suffered by the Bank by reason of its use. The owner, however, may still be held liable should it be determined that he/she failed in safeguarding the same through reasonable means.</p> <p>h. The act of tampering with receipts or submitting spurious receipts for</p> | |



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| <p>reimbursement or justification of claims purposes (i.e. leaves, loans and hospitalization requirements, etc.), of giving false data to expedite approval processes, of illegal logging, of willfully manipulating or destroying timekeeping records, of accessing Bank systems without authority, and of entering/processing bogus transactions for whatever reason, are strictly prohibited and considered <i>grave offenses</i>, regardless of whether or not the Bank suffers any loss.</p> <p>It is also in this regard that the <i>Bangko Sentral ng Pilipinas</i> criminalized the making of false entries by any bank director, officer, employee or agent in any bank report or statement which will affect the financial interest of, or cause damage to, the bank or any person. (Section 55.1(a) of the <i>General Banking Law of 2000</i> vis-à-vis Section 36 of R.A. 7653 or the <i>New Central Bank Act</i>).</p> <p>4. Treatment of the Bank’s Goodwill & Reputation</p> <p>a. All employees are reminded to act in a way that will not endanger or detrimentally affect the public’s and client’s perception of the Bank, even if outside the Bank’s premises/offices or outside Bank sponsored activities.</p> <p>As officers and employees of YGC, everyone necessarily carries the corporate brand/reputation. How we are regarded by the external public is influenced by how each one behaves in public, whether in a professional or personal capacity.</p> <p>Any act that tends to damage or destroy the Bank’s goodwill and reputation, whether made directly or indirectly, through whatever means, is considered a grave offense.</p> <p>b. YGC's businesses are in areas (e.g. finance, education) where trustworthiness is paramount. Thus, everyone is called upon to be circumspect in his/her dealings. Highest ethical standards must be</p> | | |



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| <p>complied with at all times and acts, affairs or relationships that may damage the image and reputation of the Bank are not acceptable. Our continuing success depends on the above. As such, examples of the above acts include the following:</p> <ul style="list-style-type: none"> • Letting ones account/credit card be used as conduit for disreputable transactions and/or in disreputable establishments; • Acts of lasciviousness, whether inside or outside bank premises; • Mismanaged finances such as checking accounts, credit cards, loan and other forms of indebtedness, which includes failure to pay just debts or being habitually delinquent in the payment of debts. <p>Moreover, Management has reposed its confidence on each member of YGC. Going to, and being seen in, casinos and gambling dens gives an impression that one may be tempted to dip into others' funds.</p> <p>The foregoing acts negatively impact one's professional integrity and are bases for Management to lose confidence in one's ability to perform his duties and responsibilities, which may include being trusted with clients' funds and other resources. Any such act shall be considered as a grave offense.</p> <p>c. Only authorized associates shall be allowed contact with the media (TV, print, radio, on-line, etc.) regarding RCBC matters. All media contacts should be referred to the Marketing Group.</p> <p>Moreover, in line with the Bank's Social Media Policy, employees are reminded to be careful and prudent when posting pictures or information on social media. Posts that may negatively affect the Bank's goodwill and reputation may take forms such as, but not limited to, the following:</p> <ul style="list-style-type: none"> • Unauthorized creation of RCBC accounts; | | |



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| <ul style="list-style-type: none"> • Reckless posting of bank products and services; • Indiscreet poses, whether during company events or during outside/personal engagements; • Posts of unofficial activities, especially if performed during office hours; • Posts that will prove misdeclaration of information relayed to the Bank; and • Negative posts or comments about clients that may result in displeased customers and eventual loss of business. <p>Any associate who violates the above provisions on media and social media may be subjected to disciplinary sanction depending on the gravity of the offense.</p> <p>C. Treatment of Others</p> <p>Living out the Bank's Core Values in day-to-day interaction with colleagues assures a work environment that is harmonious, productive, work inspiring, healthy and safe, free from discrimination, harassment and intimidation. Attitudes and behavior that undermine this goal hampers productivity and discourages meritorious performance, thus, are not tolerated.</p> <p>1. Treatment of Co-Associates</p> <p>The Bank believes the working environment should at all times be supportive of the dignity and self-esteem of individuals. Achieving this desired environment greatly depends upon the mutual respect, cooperation and understanding employees exhibit to fellow associates.</p> <p>1.1 Anti-Sexual Harassment Policy</p> <p>a. High on the list of unacceptable behavior is sexual harassment. Sexual harassment is a form of power play where a person uses the clout of</p> | | |



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| <p>his/her position to intimidate subordinates into tolerating sexual overtures or advances. It is committed by any person who, having authority, influence or moral ascendancy over another in a work or training environment, demands, requests or otherwise requires any sexual favor from the other, regardless of whether said demand, request or requirement is accepted by the object of said act.</p> <p>b. Sexual harassment in the workplace is exemplified by, but not limited to, the following acts:</p> <p>b.1 when a sexual favor or request for a date is made as a condition in the hiring, employment, re-employment or continued employment of an individual, or in granting said individual favorable compensation, terms, conditions, performance ratings, promotions or privileges; or</p> <p>b.2 when the refusal to grant said favor or request results in the discrimination or segregation of said individual and in diminished, or threats of diminished, employment opportunities as compared to others; or</p> <p>b.3 when the refusal to grant said favor or request brings about an intimidating, hostile or offensive environment for said individual.</p> <p>c. Sexual harassment, for purposes of this code, shall also include actual or threatened sexual assault, actually touching a co-associate in sensitive parts of his/her body without consent, making obscene or indecent proposals in person or through phone calls or text messages during or after work hours, and other threats of a sexual nature. It may be committed within or outside Bank premises, while conducting Bank business, attending Bank-sponsored activities, during work-related travel or even during break times, after office hours or during rest days.</p> <p>d. Sexual harassment may take many forms. It may be subtle and indirect or</p> | | |



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| <p>blatant or overt. It may be physical, verbal or visual in nature. Sexual harassment acts may include, but are not limited to, the following:</p> <ul style="list-style-type: none"> d.1 persistently telling smutty jokes to an associate who has indicated that he/she finds them offensive; d.2 taunting an associate with constant talk of sex or sexual innuendos despite his/her protest; d.3 displaying offensive pictures or publication in the workplace despite an associate's protest; d.4 asking an associate intimate questions on his/her sexual activities despite his/her protest; d.5 making offensive hand or body gestures, luridly staring or leering at an associate despite his/her protest; d.6 pinching or unnecessarily brushing up against an associate's body despite his/her protest. <p>e. Any person who commits sexual harassment or directs or induces another to commit any act of sexual harassment as herein defined, or who cooperates in the commission thereof by another shall be subject to disciplinary action.</p> <p>f. The Bank likewise finds acts of retaliation just as offensive as actual sexual harassment. Any person against whom a complaint for sexual harassment is filed is deemed to commit retaliatory acts when he/she carries out any of the following:</p> <ul style="list-style-type: none"> f.1 Disciplining, changing work assignments of, providing inaccurate work information to, or refusing to cooperate or discuss work-related matters with an associate because that associate has complained about, resisted or witnessed sexual harassment; f.2 Intentionally pressuring a complainant or witness of sexual harassment, falsely denying, lying about or otherwise covering up or attempting to cover up acts of sexual harassment; | | |



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| <p>f.3 Maliciously spreading rumors designed to destroy the reputation of a complainant or witness of sexual harassment;</p> <p>f.4 Threatening the promotional opportunities, job securities and other service-related benefits and privileges of a complainant; or</p> <p>f.5 Other acts similar to the foregoing.</p> <p>g. It shall be the responsibility of the unit head to whom the victim and/or aggressor is assigned to immediately prevent or deter any reported commission of acts of sexual harassment and to report the same to the Human Resources Group.</p> <p>h. The Committee on Decorum and Investigation shall have exclusive jurisdiction to handle and adjudicate all sexual harassment cases as herein defined. The Committee shall be composed of the members of the Personnel Evaluation & Review Committee (PERC). An officer of the RCBC Employees Union may sit as Observer in cases where rank-and-file employees are involved.</p> <p>The Committee shall, however, have the power to form and delegate the responsibility of investigating and hearing to a sub-Committee composed of officers assigned at Luzon, Visayas and Mindanao should the parties involved in the case be stationed thereat. Said sub-Committee shall submit a written recommendation to the Committee who shall make a final decision based thereon.</p> <p>i. Investigation shall commence upon the filing by the complainant of a complaint for sexual harassment with the Human Resources Group who shall refer the same to the Committee for handling and disposition. HRG shall act as receiver for and in behalf of the said committee and shall keep all documents, files and names of the parties and witnesses confidential.</p> <p>The procedure for investigating and resolving sexual harassment</p> | | |



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| <p>complaints shall follow that prescribed for administrative disciplinary proceedings.</p> <p>j. The HRG may suspend the respondent without pay for not more than thirty (30) days pending investigations if there are strong reasons to believe that the respondent's continued presence in the workplace will greatly hamper the productivity of the group to which he/she belongs or endanger the safety and well-being of his/her co-associates, most especially his/her alleged victim.</p> <p>Should the respondent, after investigation, be held innocent of the charges, all unpaid salaries by reason of the preventive suspension will be credited to his/her payroll account.</p> <p>k. Due to the sensitivity of the matter and with the objective of giving ample protection to the parties involved, the proceedings herein as well as the entire records of the case shall be treated with the highest standard of confidentiality.</p> <p>1.2 Grave Misconduct</p> <p>In order to provide employees with a safe, healthy, harmonious and productive work environment, the Bank condemns certain acts such as, but not limited to, the following:</p> <p>a. Threatening or violent behavior, or even the suggestion of such behavior, towards associates whether within or outside Bank premises.</p> <p>b. <i>Insubordination</i> or <i>Willful disobedience</i> to Management's just and valid orders.</p> <p>c. <i>Dishonesty</i> or <i>fraud</i> committed against co-associates and/or the Bank.</p> <p>d. <i>Commission of a crime/Violation of Existing Laws</i></p> | | |



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1.3 Other Acts of Misconduct

Uttering obscene, insulting or offensive words against associates, making racist, sexist, ethnic, or homophobic jokes or politically incorrect comments about associates, rumor-mongering and the like are likewise prohibited by the Bank for the same reasons stated above.

2. Treatment of Shareholders & Suppliers

As with the Bank's clients, Shareholders are the reason for the company's existence. Suppliers, on the other hand, include those who provide us with catering, security, housekeeping and maintenance, sorting, messengerial, chauffeur, advertising, communications, legal, technology-based services and the like.

Employees should strive to build good working relationships with the Bank's shareholders and suppliers. They should be treated in the same manner as co-associates – with utmost courtesy and respect as they are also expected to achieve the highest standards of service quality to clients.

3. Open Communication

Open communication makes the Bank's Core Values come alive. It means giving one another accurate and timely information about business or administrative issues.

When communication takes the form of a concern or complaint, employees can raise that to their unit heads knowing that the same will be properly acted upon. If the concern or complaint is about a unit head, or if the unit head cannot solve the problem, employees can take the matter to their next higher unit head or directly to the Human Resources Group without fear of reprisal for making known, in good faith, that concern or complaint.

Open communication is an extension of mutual respect on another level. If an employee discovers an anomaly, policy infraction or system/policy defect, he/she should report it



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| <p>immediately to afford the Bank the opportunity to curtail any further damage or loss of Bank funds and property.</p> <p>Please see Annex for full policy on Open Communication.</p> <p>4. Offenses & Penalties</p> <p>Failure by the complainant’s and/or respondent’s immediate head to immediately prevent, deter or in any way address the reported commission of acts of sexual harassment or to report the same to the Committee is considered a <i>minor offense</i>.</p> <p>The commission of <i>Sexual Harassment, Other Forms of Sexual Harassment</i> or any <i>Act of Retaliation</i> as herein defined is considered a <i>grave offense</i>.</p> <p>An associate who, in one way or another, aids the harasser in committing acts of sexual harassment or retaliation shall suffer the same penalty as that handed down to the harasser.</p> <p>Any act of <i>Grave Misconduct</i> as herein defined is considered a <i>grave offense</i>.</p> <p>Any <i>Other Acts of Misconduct</i> as herein defined is considered a <i>minor offense</i>.</p> <p>D. Conflict of Interests</p> <p>The Bank’s policy on conflict of interests is simple – Do not compete with or unduly benefit from RCBC or any of the Yuchengco Group of Companies and never let business dealings on behalf of RCBC be influenced by personal or family interests.</p> <p>1. Competing with RCBC</p> <p>To avoid competing with RCBC and YGC, employees are not allowed to enter into unauthorized relationships with its competitors. Employees should not own or work for or assist any unauthorized person or entity outside or within RCBC, including family or friends, in the planning, design, promotion and sale of products or services that compete</p> | | |



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| <p>or could compete with that of RCBC/YGC. This involves, among other things, directly or indirectly dealing in securities, and personally engaging, or helping someone else engage, in money lending or foreign exchange services, in selling or referring non-YGC insurance, credit card or other products, within or outside Bank premises, whether or not there is personal gain and without proper authority from RCBC's Board of Directors or Executive Committee.</p> <p>Employees are prohibited to introduce lenders or broker the loan of clients or another employee for any reason or purpose. Employees should not, whether collectively or individually, engage in the business of extending personal loans to other employees or the public through whatever scheme or avail of a loan from the Bank's customers or suppliers.</p> <p>Employees should not assist anyone, even if they are clients, in the buying and selling of foreign currency unless the transaction is with the Bank's forex, regardless of whether or not there is personal gain. In addition, employees should not assist or introduce lenders to buyers and vice-versa, even if they are clients, unless the transaction is in connection with the Bank's own loan facilities, regardless of whether or not there is personal gain.</p> <p>2. Unduly Benefiting From RCBC</p> <p>To avoid conflict of interest, employees are to conduct business transactions for the Bank in accordance with Bank policy and avoid direct or indirect use of the Bank's goodwill, reputation, funds and property or other resources for personal gain. This involves, among other things, accepting gifts, entertainment or favors from customers or suppliers; outside employment; outside directorship; and receiving commissions or benefits from customers or suppliers.</p> <p><i>Gifts and Entertainment</i> – Generally, we can accept a gift if it is unsolicited and not given to influence one's judgment. Otherwise, we should decline it and explain RCBC's policy to the gift-giver. We do not solicit gifts, directly or indirectly, from customers or suppliers. Under no circumstance do we accept, directly or indirectly, payments, loans,</p> | | |



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kickbacks, special privileges or services in exchange for favors.

Entertainment – We may accept occasional meals or other forms of entertainment from customers or suppliers as a courtesy extended during the normal course of business, provided the entertainment is not being offered to influence one's business decisions and that the interests of the Bank is not compromised.

Favors – RCBC does not buy business. We obtained on the merits of our products, service and people. We not bend rules nor offer money, illegal or inappropriate favors of unusual value to obtain or retain business. In this regard, any and all significant donations or contributions to or through a customer for whatever purpose using Bank property or funds should be with the prior authorization of the concerned Group Head. Should said donation or contribution be through the purchase of a raffle or lottery ticket, any prize or winnings therefrom, regardless of whether the ticket is in the employee's possession or in the employee's name, must be turned over to the Bank.

Outside Employment & Other Pursuits – Employees are not allowed to engage in any other gainful employment without the consent of the Board of Directors, whenever the nature of the work or business competes with that of RCBC, or when said work or business or other pursuit interferes with the employee's duties or is done during work hours. Those presently without the required clearance must make full disclosure and secure approval.

The following are covered:

- (a) part-time jobs;
- (b) teaching or tutoring;
- (c) consultancy;
- (d) outside practice of a profession;
- (e) studying; and
- (f) other similar activities.



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Receiving Commissions or Benefits – Employees must avoid situations, which may unduly influence the relationships with customers or suppliers in a position to transact business with the Bank. Employees must make sure that the procedures laid down in providing customer services or in purchasing goods and services are strictly followed. Employees who have a direct hand in choosing companies from which purchases of the Bank's business requirements are to be made, are ~~discouraged~~ prohibited to use said authority to obtain commissions or leverage to purchase the same item/s for personal interests at terms not otherwise available to his/her colleagues or the public. Suppliers and customers are chosen based on merit and not on what can be gained from them.

3. Use of Inside Information

There are laws that prohibit the use of inside information when buying, selling or trading publicly traded securities, including RCBC securities. Inside information can take many forms, but always includes information which is not available to the public and which might influence an investor's decision to buy, sell or hold securities in a company.

Employees should not buy, sell or trade RCBC securities or the securities of other companies about which employees have inside information, until that information becomes public. In addition, this information should not be shared with anyone else, including family members or friends or anyone about trading in any securities based on this information.

Because inside information is extremely valuable, it must be handled just as like the way other RCBC proprietary information is handled. Employees do not discuss it with family, friends or anyone else; do not talk about it in public places; do not fax it to unattended machines; and do not tell others at RCBC unless they must know for legitimate business reasons.

4. Related Party Transactions

Related Party Transactions can present potential or actual conflicts of interest and may



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| <p>raise questions about whether such transactions are consistent with the Bank's and its stockholders' best interests. It is the Bank's policy that related party transactions are conducted at arms length with any consideration paid or received by the Bank or any of its subsidiaries in connection with any such transaction being on terms no less favorable to the Bank than terms available to any unconnected third party under the same or similar circumstances.</p> <p>There are regulations as well as standards on the reporting and disclosure of related party transactions. These are adopted in the Bank's Policy on Related Party Transactions. To ensure effective compliance therewith, all employees are mandated to report any potential related party transactions in the manner provided under the Bank's existing Policy.</p> <p>5. Company Shares</p> <p>All employees are required to disclose/report any dealings in the company's shares to HRG – Employee Relations Department within 3 business days.</p> <p>6. Offenses & Penalties</p> <p>Any act that is found to be in conflict with the interests of the Bank is considered a <i>grave offense</i>.</p> <p>E. Knowledge, Understanding & Compliance</p> <p>All employees must ensure understanding of and compliance with all Bank policies and Philippine laws directly affecting his/her employment.</p> <p>1. Dissemination of Bank Policies</p> <p>It is the joint responsibility of the Human Resources Group and all unit heads to disseminate copies of the Employees Manual to all associates, to ensure that they are</p> | | |



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briefed thereon and that they comply therewith.

It is the responsibility of unit heads, on the other hand, to disseminate to his/her people all other policies directly affecting their jobs and ensure that they are briefed thereon and that they comply therewith.

As RCBC's policies are disseminated bank-wide through e-mail and/or posting at the Pop Station, all associates with computer access are mandated to check their e-mail on a daily basis and to read any and all policies posted thereat. Unit heads are additionally required to print copies thereof for those who have no computer access and to disseminate the same by providing them with hard copies or by posting one (1) hard copy at his office's designated bulletin board.

2. Queries & Requests for Clarification/Trainings

It is the employee's responsibility to immediately read and understand the contents of the Employees Manual and ask questions on matters that need clarification. It is likewise the employees responsibility to acquaint themselves with all policies directly affecting their jobs and ask clarificatory questions and/or for additional training immediately upon occupying a position or upon transfer to a new position.

Queries with regard to the provisions contained in this policy may be directed to the HR Help Desk via hr_helpdesk@rcbc.com.

Queries regarding Business Center operations policies or requests for additional training in connection therewith may be directed RBG

Queries regarding information technology systems may be directed to the IT Helpdesk at itg_hdo@rcbc.com.

Queries regarding any other policy may be directed to the department, division or group sponsoring the same.

Requests for training concerning any other matter may be addressed to the unit head or



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the Training Department at training@rcbc.com.

3. Verbal & Written Instructions

Verbal and written instructions issued by superiors, if not contrary to existing Bank policy, deserve respect and compliance. Should an employee have legitimate objections to any issued directive, he/she is reminded to obtain a written exception thereto prior to the deadline for compliance. Should there be no time to properly seek an exception, employees are reminded to comply first then object later.

4. The Anti Money Laundering Act, the Law on Secrecy of Bank Deposits, Government Reportorial Requirements, etc.

As a banking institution, the Bank is governed by the provisions of the AMLA, the *Law on Secrecy of Bank Deposits*, as well as the other regulations issued and to be issued by the *Bangko Sentral ng Pilipinas* (BSP), the Securities & Exchange Commission (SEC), the Philippine Stock Exchange (PSE), the Department of Labor & Employment (DOLE), and by the Government of the Republic of the Philippines as a whole. It is the duty of all employees to abide by the provisions thereof lest sanctions be imposed upon the Bank.

Among the requirements for compliance set by aforesaid regulations is the need to timely and accurately transmit reports and any failure to do so is normally met with the imposition upon the Bank of substantial fines and/or penalties.

Questions regarding any provision of law may be addressed to the respective Group Head or the Legal Services Division.

5. Presumption of Knowledge & Understanding

Failure to read Bank policies that have been duly disseminated shall not be accepted as an excuse for policy violations. It shall be the responsibility of all unit heads to



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| <p>document receipt by their people without computer access of any and all policies posted for dissemination.</p> <p>An employee's failure to ask for clarification or for additional training within a reasonable time from receipt of any policy or upon assumption of a new position shall be deemed an admission that he/she fully understands the same and knows what he/she is doing. In this regard, ignorance of this code and other Bank policies, or lack of training, will no longer be accepted as an excuse.</p> <p>6. Special Responsibility of Unit Heads</p> <p>People who supervise or manage others have a special responsibility to show through words and action, personal commitment to the highest standards of <i>Integrity First, Professionalism, Reliability, Client Orientation, Teamwork and Accountability</i>. As coaches, mentors and leaders, the unit heads must ensure that their people understand the Bank's demand that everyone should act in accordance with the Core Values. Everyone is expected to take reasonable steps and devise ways and means to ensure that misconduct and policy violations within the areas of responsibility are timely detected and properly addressed.</p> <p>7. Offenses & Penalties</p> <p>The failure to properly abide by the Bank's policies and procedures, our supervisor's written instructions, the AMLA, the Law on Secrecy of Bank Deposits and other government regulations and reportorial requirements, in the absence of specific penalties therefor, shall constitute a <i>minor, serious or grave offense</i> following the definitions stated in Treatment & Use of Bank Funds & Property.</p> | | |



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CODE OF DISCIPLINE

A. TYPES OF PENALTIES

1. Reprimand

A *Reprimand* is a written admonition given to an associate for a minor offense. Said penalty shall not be considered for purposes of promotion.

Documentation of this disciplinary action shall be through a Decision Memorandum (Template II), copy furnished the associate's Group Head, the Human Resources Group and the 201 file.

2. Warning

A *Warning* is a penalty more severe than a reprimand. It warns an associate against the imposition of a more severe penalty should another offense be committed. Said penalty shall not be considered for purposes of promotion.

Documentation of this disciplinary action shall be through a Decision Memorandum (Template II), copy furnished the associate's Group Head, the Human Resources Group and the 201 file.

3. Suspension Without Pay

A *Suspension* is a penalty imposed upon an associate due to his repeated commission of a *minor offense* or for his first time commission of a *serious offense*. It may be served continuously or intermittently upon the discretion of the line but with prior notice to the Human Resources Group.

Any and all leaves or other benefits shall not accrue while an associate is under suspension. Said associate shall not be allowed to have access to Bank property while serving the suspension.



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4. Termination of or Dismissal from Employment

As stated in this Code's Table of Penalties, *Termination* or *Dismissal* is a penalty imposed upon an associate for his repeated commission of a *minor or serious offense* or first time commission of a *grave offense* or any of the *just causes for termination* as defined under Philippine laws and jurisprudence. It takes the form of a **Notice of Decision** that is issued by the Human Resources Group and becomes effective on the day it is personally or presumptively received by the associate concerned, after due process.

Should the associate served with said notice be within Bank premises at the time of service, he shall be given a reasonable amount of time to collect all of his personal belongings in the presence of a security guard before he is asked to surrender his Identification Card and other Bank Assets, and escorted out of Bank premises.

Terminated associates shall not be allowed within Bank premises without the prior notice of the Human Resources Group and the Security Department.

5. Payment

If the offense committed involves dishonesty or results in damage or loss to the Bank, the employee guilty thereof may be required to pay the amounts lost in addition to or in lieu of serving the penalty/s imposed.

Payment may be in lump sum or through automatic salary deductions, forfeiture of earned benefits and/or future bonuses, or any other scheme that may hasten payment of the entire obligation, at the discretion of the deciding body.

6. Demotion and/or Reduction of Pay/Benefits

Demotion in Rank and/or Position and/or Reduction of Pay/Benefits are penalties that may be imposed upon an associate in lieu of termination for humanitarian considerations



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| <p>and depending on the circumstances surrounding the case. It may be imposed as a penalty by itself or in addition to other penalties. It is normally imposed in relation to findings of incompetence, or gross and/or habitual negligence.</p> <p>7. Permanent Transfer</p> <p>The <i>Transfer</i> of an associate to another position within the same or in a different location, may be imposed upon an associate in lieu of termination or in addition to other disciplinary actions. It may be imposed for the commission of an offense attributable to too much familiarity with colleagues and/or the workplace.</p> <p>B. Types of Offenses</p> <p>1. Minor Offenses</p> <p><i>Minor Offenses</i> are policy violations that do not manifest insubordination, dishonesty, ill motives or loss of integrity nor do they result in monetary loss on the part of the Bank or in physical and emotional harm to any of its associates. Note, however, that <i>Minor Offenses</i> may become serious or grave if committed habitually or if actual monetary loss or injury to the Bank eventually results therefrom.</p> <p>2. Serious Offenses</p> <p>Generally, a <i>Serious Offense</i> is one that results in or contributes to actual or potential damage to the Bank.</p> <p>3. Grave Offenses</p> <p>Generally, a <i>Grave Offense</i> is one that merits the termination of an employee's employment per Bank policy or the just causes for termination provided under Philippine laws.</p> | | |



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4. Specific Offenses

A Specific Offense is one where specific penalties are attached, i.e. tardiness, AWOL, non-wearing of prescribed office attire, etc.

5. Table of Penalties

| TYPE OF OFFENSES | 1 st CITATION | 2 nd CITATION | 3 rd CITATION | 4 th CITATION |
|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <i>Minor Offense</i> | Reprimand | Warning | Suspension | Termination |
| <i>Serious Offense</i> | Suspension | Termination | | |
| <i>Grave Offense</i> | Termination | | | |

C. General Guidelines on the Imposition of Penalties

1. Mitigation or Aggravation of Penalties

The Bank reserves the right to impose a penalty lower or higher than those prescribed above on a case-to-case basis, depending on the presence and effect of the following circumstances:

- a. ready admission to the offense and/or cooperation during the investigations;
- b. employment tenure;
- c. presence or absence of past infractions;
- d. presence or absence of bad faith or fraudulent intent;
- e. absence or extent of damage to the Bank;
- f. voluntary payment of resulting Bank losses; and
- g. others.



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| <p>Such exceptions, if applied, will not constitute precedents for the purpose of adjudicating subsequent similar cases.</p> <p>2. Gradation of Penalties</p> <p>If the table of penalties provides a graduated penalty for an offense, any failure to discipline and penalize an employee for committing the 1st of that offense shall not bar Management from later on disciplining and imposing the penalty prescribed for any succeeding offense (i.e. 2nd, 3rd, 4th, etc.) provided that all prior commission/s of said offense be proven.</p> <p>3. Other Legal Actions</p> <p>The imposition of administrative sanctions for an offense will not preclude the Bank from filing appropriate civil and/or criminal actions or to otherwise recover from the erring employee any and all losses or damages the Bank may suffer by reason thereof.</p> <p>The non-imposition of administrative sanctions due to an administrative finding of innocence will not preclude the filing of another administrative case or of a civil/criminal case in court should new evidence gathered after the termination of the first administrative case reveal the employee's culpability.</p> | | |